



## TELECOMMUNICATIONS MARKET SNAPSHOT: AZERBAIJAN

### Key Statistics

Population	8,177,717 (July 2008 est.)
GDP	\$31.32 billion (2007 est.)
GDP Growth	23.4%
Per capita GDP	\$1500 (2005 est.)
Telecom revenue	\$100 million (2004)
Telecom Revenue Growth	N/A
Main lines	1.254 million (2007)
Mobile subscribers	4.3 million (2007)
Mobile penetration	22.8% (2005)
Internet users	1.036 million (2007)
Internet penetration	4.8 % (2005)
Broadband subscribers	N/A
U.S. equipment exports to market	\$1,004,662 (2005)

Sources: CIA World Factbook, EIU, USITC, and World Markets Research Centre

### Market Overview

The Telecommunications market in Azerbaijan is comparatively small, but developing into a competitive industry across numerous sectors. Total telecom revenue has hovered around \$100 million for the past few years with negligible growth. The economy is mostly dependent on oil and natural gas extraction. In order to diversify the country's economy, the federal government has highlighted the Information and Communications Technology as a key industry for development. Massive capital investment is needed to modernize the country's telecommunications infrastructure, and the federal government requires further market liberalization and an improved regulatory regime to increase the pace of development.

#### Mobile and Wireless Networks

Azerbaijan's mobile phone sector is the most competitive sector of the country's telecommunications market. There are currently four main service providers in the market:

GSM	CDMA
Azercell	Catel
Azerphone	
Bakcell	

All of the main service providers are at least partially owned by the government of Azerbaijan. Many of the service providers are aggressively expanding and upgrading their networks to achieve countrywide coverage, and making investments to provide wireless data and other value added services. Mobile telephony service providers are expected to continue making the largest capital expenditures as the push to upgrade service offering for Azerbaijan and potential markets within the Caucasus and Eastern European regions.

#### Fixed-Line Networks and Services

Despite progress in other sectors, the fixed-line market remains the most restricted. The government owned incumbent operator, Aztelecom, is 100% owned by the Azerbaijan Ministry of Communications and Information Technology (MCIT), and maintains a virtual monopoly on fixed-line data and communication networks. Analysts predict that Aztelecom will not be fully privatized before 2008. There are alternative operators in the market, but they are also wholly or partly owned by the MCIT. The main service providers include:

Aztelecom	Baku City Telephone Network	Terracom Inc.
Catel	AzEurotel	

Internet Protocol (IP) telephony is highly restricted.

Internet service in Azerbaijan is mostly limited to dial-up service with very little broadband service. There are over 20 Internet Service Providers, but true competition is limited by Aztelecom's control of the local loop.

## **Telecom Trade Agreements**

### *WTO*

The Republic of Azerbaijan is in negotiations to accede to the World Trade Organization. Azerbaijan is not a signatory to the Information Technology Agreement, which completely eliminates duties on a variety of info-communications technology products by January 2000.

## **Contacts**

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